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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 3900
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5997
RUEHBJ/AMEMBASSY BEIJING 3691
RUEHKO/AMEMBASSY TOKYO 3550
RUEHIT/AMCONSUL ISTANBUL 4239
RUCNDT/USMISSION USUN NEW YORK 1309
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 4178
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 001606

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR DSTARKS/EHOUSE

E.O. 12958: N/A

TAGS: [EPET](#) [PGOV](#) [EINV](#) [TX](#) [IR](#)

SUBJECT: TURKMENISTAN OPENS ITS FIRST COASTAL LPG TERMINAL

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¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: On December 9, the Turkmen Government held an opening ceremony for a liquefied petroleum gas (LPG) terminal with the capacity of 200,000 tons per year built near the village of Kiyanly on the Caspian coast. International media outlets incorrectly called it an LNG terminal. The terminal is part of the Turkmen Government's ambitious plans to increase LPG production and exports from the Turkmenbashi Oil Refinery. It is the first LPG terminal on the Caspian coast and is the first LPG terminal in Turkmenistan that will deliver LPG via maritime rather than land transportation. END SUMMARY

¶3. (SBU) Some international media reported on the terminal opening, wrongly calling it a liquefied natural gas (LNG) terminal. The confusion was most likely caused by the fact that the translation of the Russian term for "liquefied gas" does not account for the differences between LNG and LPG. The new terminal will ship LPG, which is a mixture of propane and butane as opposed to natural gas which is mostly methane.

¶4. (SBU) In 2008, Turkmenistan produced 412,000 tons of LPG and has plans to increase the LPG production up to two million tons by 2020. The Turkmenbashi Oil Refinery accounts for about 70 percent of the country's LPG production, whereas the remaining 30 percent comes from another LPG plant located in Nayip, Eastern Turkmenistan. Since more than 90 percent of Turkmenistan's population receives natural gas through a network of distribution pipelines, Turkmenistan exports the lion's share of its LPG. Exports go mostly to Iran and Afghanistan through railway and truck terminals located in Turkmenbashi, Sarakhs, and Serhetabat.

¶5. (SBU) The Iranian Pars Energy Company, which constructed the three onshore LPG terminals in the country, built the new

terminal according to a contract with the Turkmenbashi Oil Refinery signed in 2008. The terminal is connected to the Turkmenbashi Oil Refinery by means of two 26-kilometer pipelines. It has an LPG storage facility with the capacity of 3,000 tons and can service LPG tankers with payload capacities of up to 3,000 tons. The terminal is scheduled to be adapted to accommodate service ferries carrying railway tank trailers. The Turkmen Government has further plans to deepen the seabed near the terminal from five to seven meters, in order to service larger ships.

¶6. (SBU) The Turkmen media did not specify the markets for Turkmen LPG exports originating at the Kiyanly terminal. Nevertheless, since an Iranian company constructed the terminal and Iran has been a traditional consumer of Turkmen LPG, it seems plausible that Iran could be the primary destination for Turkmen LPG shipped from the Kiyanly terminal.

¶7. (SBU) It will probably take some time before the Kiyanly terminal starts operating at full capacity. Since it is the first LPG terminal on the Caspian coast, there is the question of infrastructure needed to transport and off-load seaborne LPG shipments. No information was published about either LPG-suitable tankers on the Caspian, nor about facilities in neighboring countries capable of off-loading LPG from tankers. Also, Turkmenistan will need to increase its production of LPG in order to keep all four of the country's terminals busy.

¶8. (SBU) COMMENT: The Kiyanly LPG terminal has been hailed as an important component of the Turkmen Government's program to increase LPG production and exports. If and when Iran, or Azerbaijan, builds an LPG import terminal, Kiyanly will play a

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crucial role in facilitating Turkmen LPG exports to Western Iran and could also make Turkmen LPG more competitive in Georgian and Armenian markets. END COMMENT

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